

WHITE PAPER

Benchmarking: The Critical Component for Designing Competitive Benefits Plans



For self-funded employers – and the brokers, consultants, TPAs, ASOs, carriers, and point solution vendors who serve them – benchmarking is one of the most critical components of designing and deploying competitive benefits plans that maximize care quality while minimizing costs.

Robust benchmarking capabilities as part of a comprehensive benefits analytics strategy help employers set clear business objectives, improve plan performance, and engage in data-driven decision making. The end result is better quality for members and increased value for plan sponsors.



Benchmarking Drives Better Insights & Action

Actionable data holds immense potential, but it is often underutilized.

In a Seagate Rethink Data report, with research and analysis by IDC, only 32% of the data available to organizations is ever used and the remaining 68% goes unleveraged. One of the top five barriers for putting data to work is the ability to make collected data usable.¹ Research conducted by Forrester also revealed that, although most decision makers agree data-driven decision-making is a moderate priority for their company, 41% of the business leaders find the process very or extremely challenging.²

For many self-funded employers and their advisor partners, a sophisticated data management approach is necessary to collect and normalize various unique data types into a uniform data set they can subsequently leverage for analytics. Once data is captured, cleansed, and enriched, its value lies in how effectively an organization can utilize it to measure performance, surface opportunities, and turn them into actionable insights.

Benchmarking provides a mechanism to put data to use. Through benchmarking, organizations overcome hurdles in drawing insights from data by bringing clarity to comparison. This enables organizations to focus on extracting value from the quantitative and qualitative data to establish performance goals and identify areas for potential improvement.

Benchmarking is a vital enablement tool assisting organizations in making the correct strategic choices. It removes some of the risks from decision making, and supports the legitimacy of action (or inaction), but appropriate benchmarking can only be achieved through effective data use.

ESSENTIAL BENCHMARKING CAPABILITIES

The ability to benchmark data and compare performance across a wide range of meaningful metrics is an important capability for self-funded employers and their advisors to effectively manage member populations and stay up to date on the latest healthcare industry trends.

Employers and their partners need to understand how cost and utilization outcomes compare on a national scale, both within their book of business, and to their peers and competitors. Equipped with this information, they are more prepared to identify and implement plan objectives and optimal benefits parameters. Furthermore, the flexibility to filter benchmark data by industry, state, region, and Metropolitan Statistical Area (MSA), as well as the ability to define custom benchmarks, can inform strategic decision-making across multiple lines of business.

Cedar Gate Benchmarking

Cedar Gate's Healthcare Benefits Analytics and Executive Analytics software applications provide advanced benchmarking capabilities, including analysis of a national normative benchmark set from our proprietary Healthcare Benchmark Database, enhanced benchmarks, and custom benchmarks.

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National Normative

- > Compare with tens of millions of member lives in our Healthcare Benchmark Database
- > Over 1,100 static benchmark values
- > Age/gender adjustment
- > 24-month look back
- > Updated twice annually
- > Accessible in Create Module

2

Enhanced

- > Compare with tens of millions of member lives in our Healthcare Benchmark Database
- > Over 1,100 static benchmark values
- > Optional custom benchmarks
- > Age/gender adjustment
- > Customize data from Cedar Gate's database or your book of business by industry, state, MSA, region, and more
- > Accessible in Create Module

3

Custom

- > Access benchmarks from Cedar Gate's database and your book of business
- > Create custom benchmark values
- > Live query of data set
- > Age/gender adjustment
- > Customize benchmarks based on specific time/reporting periods
- > Accessible in Create Module

NATIONAL NORMATIVE BENCHMARKS

Most health benefits analytics vendors purchase their normative benchmark data from third parties, limiting control and creative license with regards to the data. Cedar Gate's proprietary Healthcare Benchmark Database includes data from tens of millions of member lives in our commercial book of business. Medicare lives are removed as part of the data preparation process.

Prior to use in benchmarking, the data set is thoroughly scrubbed to remove any identifiers that could be used to distinguish the data supplier, client relationship, employer, or member. All protected health information (PHI) and proprietary business information is safeguarded.

Where most vendors offer only 12 months of comparative data, Cedar Gate's longitudinal data yields 24 months of metrics, measurements, and outcomes. Additionally, the data set is automatically refreshed twice a year. Users can adjust benchmarking data by age and gender to calculate static benchmark values that mirror the age and gender mix of the reporting population. A simple toggle switch makes it easy for users to switch between reports with age/gender adjusted benchmark values or unadjusted values (national averages). This helps users benchmark accurately based on their own unique population characteristics – for instance, if a population has an average age of 25 and users want to look at diabetes prevalence, it's beneficial to compare to other populations in the same age range. The prevalence of diabetes in a population with an average age of 55, or national averages that include patients of all ages, will not provide accurate data for analysis.

In our Healthcare Benchmark Database, Cedar Gate maintains over 1,100 comparative benchmark values that are automatically calculated and presented in the extensive library of standard reports. In addition, these benchmark values are made available for use within our custom reporting tools, such as Template Manager and the Create Module.

The benchmark values span a wide range of available reference points to measure and assess cost and utilization performance including:

- > Care gaps & quality metrics
- > Chronic condition utilization
- > Coverage by relationship class
- > Diagnosis groups & sub-groups
- > ER visit categories
- > ER visit frequent fliers
- > ER visit diagnosis
- > Health plan membership and costs
- > Medical healthcare trends
- > Membership distribution
- > Place of service
- > Pharmacy healthcare trends
- > Procedure groups
- > Therapeutic classes
- > Utilization metrics

ENHANCED BENCHMARKS

Cedar Gate offers extensive flexibility in benchmarking beyond the use of our Healthcare Benchmark Database and standard reporting packages. Enhanced benchmarks enable clients to leverage the 1,100 benchmark values from our proprietary database to design a tailored benchmark data set. Enhanced benchmarks can come from Cedar Gate's data, or the client's own book of business, and can be customized by region, state, MSA, or industry. When running reports, users select from a drop-down menu, which includes the Healthcare Benchmark Database (national normative standard data set) and any relevant, client-defined enhanced benchmark options.

By default, the client book of business data set is time-period sensitive. When users run a report and select a client book of business enhanced data set, the benchmark values will mirror the selected reporting period. When users select the Cedar Gate benchmark data set, the time period of the produced benchmark values are fixed to the time period of when we captured the last 24-month data set, which may be different from the reporting periods in a client's own data.

CUSTOM BENCHMARKS

The Create Module is a custom reporting and dashboard generation module within the Healthcare Benefits Analytics application that provides custom benchmarking capabilities. This feature allows clients to build their own benchmark metrics, leveraging Cedar Gate's benchmark data set with tens of millions of member lives, or the client book of business data set. Clients can create and access unique benchmark values, beyond the ones that come standard in Cedar Gate's data set. Custom benchmarks allow users to build customized tables, charts, or widgets (single metric tiles). The software immediately generates values, allowing clients to make apples-to-apples comparisons for targeted analysis. Custom benchmarking within the client's own book of business is time-period sensitive. Custom benchmarking also allows users to create benchmark values from a specified client population, versus only the values generated from the entire data set.

For example, users can create a benchmark value for ER utilization for members with a cancer diagnosis, or define a benchmark to identify the average allowed amount for a particular prescription medication. This flexibility provides a myriad of possible combinations for custom benchmark reporting in a wide range of diverse use cases.



Other Benchmarking Capabilities

By utilizing the available benchmark data, along with other key data points Cedar Gate provides like provider quality comparison data and Medicare Reference Pricing, clients are well equipped to establish performance goals and identify areas for potential improvement.

PROVIDER QUALITY

Cedar Gate integrates CMS Medicare fee-for-service data to create composite quality ratings and scores for hospitals and admitting providers. Users can search, filter, and view scores and ratings across six distinct quality categories:

- > Complications
- > Inpatient Quality
- > Mortality
- > Patient Safety
- > Readmissions

Additional filter and search options include 35 clinical categories (joint replacements, cancer care, etc.). Users can run reports that combine quality data with claims data to gain unique insights specific to their member populations.

MEDICARE REFERENCE BASED PRICING

Cedar Gate automates the process of analyzing plan allowed amounts against Medicare pricing equivalencies by integrating Medicare benchmark pricing directly within our Healthcare Benefits

Analytics application. Cedar Gate Medicare Reference Pricing enables users to:

- > View real-time analysis of allowed amounts versus Medicare benchmarks, down to the claim line level
- > Run in-network and out-of-network scenarios against various levels of Medicare, and understand potential savings at various levels of reimbursement (100%, 125%, 150%, and 200%)
- > Evaluate the impact of network exclusions, such as narrow network design, member steerage, and changes to plan design
- > Model and answer “what if” scenarios for Medicare pricing

Visual, Shareable Comparisons

As the healthcare landscape continues to evolve, the ability to unlock the power of data with benefits analytics can lead to better care and outcomes for employees, lower costs for employers, and a competitive advantage in attracting and retaining top talent. Cedar Gate benchmarking uncovers cost and quality trends across key performance indicators to pinpoint opportunities for improvement. Through real-time queries that compare health plan performance against Cedar Gate's national member population data set, employers and their advisor partners can measure and compare financial and clinical metrics within a specified period. The software uses charts and interactive dashboards that summarize plan performance, utilization trends, and benchmark comparisons. These rich visualizations reduce the need to explain and justify analytic insights by visually communicating complex concepts to educate and inform stakeholders throughout the organization.

About Cedar Gate

Cedar Gate enables payers, providers, employers, and service administrators to excel at value-based care with a unified technology and services platform delivering analytics, care, and payment technology on a single data management foundation. From primary care attribution, to bundled payments, to capitation, Cedar Gate is improving clinical, financial, and operational outcomes for every payment model in all lines of business. To learn more, visit cedargate.com.



REFERENCES

1. Seagate, "Seagate's 'Rethink Data' Report Reveals That 68% of Data Available To Businesses Goes Unleveraged," July 15, 2020. [Online] Available: <https://www.seagate.com/news/news-archive/seagates-rethink-data-report-reveals-that-68-percent-of-data-available-to-businesses-goes-unleveraged-pr-master/>

2. M. Bennett, "Data Literacy: What Is It, And Why Do Executive Teams Need to Care?," February 14, 2020. [Online] Available: <https://www.forrester.com/report/Data-Literacy-What-Is-It-And-Why-Do-Executive-Teams-Need-To-Care/RES157638>